

Existing law creates the La. Agricultural Finance Authority and empowers it to alleviate the severe shortage of capital and credit available for investment in agriculture to promote and assist agriculture and forestry within the state, exportation of agricultural products and commodities, and to provide capital and credit for persons and businesses engaged in agriculture.

New law retains existing law and encourages and supports providing financial assistance to any person who owns, leases, or operates or is seeking to own, lease, or operate an agricultural plant in order to expand the state's economic base and to convert raw agricultural products into value-added processed products for export.

New law adds definitions for "agribusiness", "agricultural plant", "agricultural producer", "agricultural product", "livestock", and "processing" or "process".

Prior law provided for nine voting members of the Authority and two members in an advisory capacity without voting rights. New law retains prior law and adds the secretary of the Dept. of Economic Development as an advisory member without voting rights.

Existing law provides that the Authority, with approval of the commissioner, may appoint a director and an assistant director who shall be in unclassified state service.

New law retains existing law and additionally allows the Authority, with approval of the commissioner, to appoint a director and an assistant director of the agriculture loan program.

Prior law provided the authority with the power to make loans to or deposits with lending institutions and purchase or sell agricultural loans.

New law provides the authority with the power to make and guarantee agricultural loans and deletes the prior law provision that allows the authority to make loans to or deposits with lending institutions; otherwise, retains prior law.

Existing law provides the authority, with prior approval of the House and Senate committees on agriculture, forestry, aquaculture, and rural development, with the power to create subsidiary corporations or entities to borrow money, insure or reinsure agricultural loans, or issue bonds in the international financial market.

New law retains existing law and authorizes the subsidiary corporations or entities to make agricultural loans and borrow money for agricultural loans.

New law authorizes the authority to participate in certain cooperative endeavors involving loans and loan guarantees to private business enterprises, nonprofit institutions and organizations, the state and its political subdivisions, the federal government, and other persons or organizations concerned with the development and enhancement of agricultural plants in this state.

Existing law requires prior approval of the State Bond Commission before the Authority issues any bonds. Further allows the Authority to issue, sell, or deliver any bonds, make loans or deposits to lending institutions or purchase or sell agricultural loans, or issue agricultural loans without consent or approval of any other governmental body or public officer.

New law retains existing law and requires the Authority to first seek the approval of the Joint Legislative Committee on the Budget before applying to the State Bond Commission for the issuance of bonds in the amount of five millions dollars or more.

New law allows the authority to loan funds to any person in order to acquire, construct, furnish, equip, make improvements to, or purchase land for any agricultural plant. Provides that the loan shall not exceed 75% of the value of the property offered as security pursuant to a first mortgage. Further provides for minimum execution requirements by the borrower of the note.

New law allows the authority to loan funds to any person for operating capital, market development, and product inventories. Provides that the loan shall not exceed 75% of the value of the property offered as security pursuant to a first mortgage. Further provides for minimum execution requirements by the borrower of the note.

New law allows the authority to guarantee funds to any person for an amount to be expended to acquire, construct, furnish, equip, make improvements to, or purchase land for any agricultural plant for any loan made by a lender to a borrower approved by the authority and under the terms and conditions as set forth. Further provides for the collection of an origination fee not to exceed 1% of the amount of the loan guaranteed.

New law allows the authority to guarantee funds to any person for operating capital, market development, and product inventories. Provides for a minimum execution requirement by the borrower of the note.

New law allows the authority to renegotiate, refinance, or foreclose on any mortgage or commence any action to protect or enforce any conferred right or benefit, and bid for and purchase property at any foreclosure or otherwise to take possession of the property. Further provides for the authority to settle any obligation incurred in connection with the property.

New law provides that the aggregate of loans and loan guarantees made by the authority shall not exceed \$20 million at any one time.

New law requires the authority to:

- (1) Give priority to persons utilizing La. agricultural products.
- (2) Fix the rate of interest to be charged on a loan at a rate not less than the base federal reserve discount rate.
- (3) Keep records documenting accounts receivable and accounts payable.
- (4) Keep vouchers and receipts for all disbursed monies.

New law prohibits the authority from loaning or guaranteeing any loan:

- (1) For any applicant who fails to submit all required information.
- (2) If the amount loaned would result in the property offered as security being burdened with indebtedness exceeding 75% of the appraised value of the property.
- (3) For any person with any pending or outstanding charge or liability for failure or inability to pay promissory notes.
- (4) For any person who has presently pending any proceeding relative to the denial or revocation of a necessary license or permit.
- (5) The proceeds of which may be used for consolidation of existing, previous financial obligations.
- (6) To a person in excess of 50% of the total funds for loans or guarantees.

New law provides that the authority shall not subordinate its interest if such action would result in any risk to the authority's security position or enter into a cooperative endeavor unless such endeavor involves the creation of a significant number of new jobs relative to the amount of participation by the authority.

New law allows the commissioner to contract with consulting engineers, architects, attorneys, accountants, construction experts, financial experts, and other persons deemed necessary to carry out the purpose of new law.

New law requires the authority to transmit certain reports to the House and Senate committees on agriculture, forestry, aquaculture, and rural development, the House

Committee on Appropriations, and the Senate Committee on Finance at the end of each fiscal year.

New law establishes the "Agricultural Products Processing Development Fund" as a special fund in the state treasury for deposit of monies received by the authority under new law. Further provides for: the use of monies in the fund; unexpended and unencumbered monies to remain in the fund; and the investment of these monies by the state treasurer. Additionally, requires the monies in the fund to be used solely to implement, administer, and make loans and loan guarantees as provided by new law.

New law provides the commissioner with the authority to appoint employees of the La. Agricultural Finance Authority or the Dept. of Agriculture and Forestry as ex officio notaries public. Provides for the duties of the ex officio notaries public within the official functions of the agriculture loan program that shall be performed without charge. Allows the commissioner to suspend or terminate any ex officio notary public appointment. Further provides that the powers of such ex officio notaries public are terminated with the separation of employment from the Authority or the Dept. of Agriculture and Forestry.

Effective upon signature of governor (July 10, 2009).

(Amends R.S. 3:263, 264(B)(intro. para.), 265(B), and 266(13) and (19), and 274; Adds R.S. 3:262(D), 266(22), and 283.1 and R.S. 35:410)